

Colorado Legislature. At the University of Colorado at Boulder and Colorado State University, the implementation of direct lending saved the universities \$192,000 and \$133,000, respectively, in a single academic year.

Direct lending also works better for students and colleges than the guaranteed loan system. According to colleges participating in direct lending, it provides excellent service. The application is simpler and the disbursing process is more prompt. Students spend less time filling out paperwork and waiting in lines. Loan funds get to students more quickly.

In 1993, when the University of Colorado at Boulder was using the old guaranteed loan program, only 3,000 checks were available to students by the first day of class. This year, under direct lending, 6,600 checks were ready for students to buy needed books and supplies. One student called it "the best thing since microwave brownies."

Colleges and universities across the country share this view. In a survey by the Education Daily, more than 90 percent of participating colleges and universities called direct lending "excellent."

Direct lending has also created more flexible repayment terms. It gives students the option of paying their loan back as a percentage of their income. When graduates are starting a family, working in their first job, starting a business, or going into public service work, they can make smaller payments.

Our Republican colleagues claim that their budget bill would extend flexible repayment terms to students in the guaranteed loan program. But under the Republican plan, the availability of flexible repayment options, such as income-contingent repayment, would depend on whether a particular guaranteed loan holder chooses to offer it.

Ask colleges and universities what they think. They're outraged at being forced out of one of the most successful reforms in the history of Federal aid to education. Some colleges and universities across the country have written urging Congress to reject this arbitrary limit on their ability to choose the loan program that best serves their students.

Over a hundred of the colleges that signed the letter are not in direct lending. But they too recognize its benefit for their students. As they put it:

Those of us who represent institutions that are satisfied with the guaranteed student loan program also support the continued availability of the direct loan program to institutions. The competition created by direct lending has induced banks and guarantors to improve the efficiency of their delivery process, and has, for the first time, provided the student loan industry with market-based incentives to provide better service. The guaranteed student loan system has improved more since the phase-in of direct lending two years ago than it did over the more than two decades of existence prior to 1993.

The message doesn't get much clearer. Colleges and universities across the

country are unanimous. The student loan system needs more competition, not less. With direct lending, both of loan programs have been working more efficiently because of the competition. What we saying is let competition rule. Let colleges and universities make the judgment themselves, not have that dictated from Washington.

What are our Republican friends afraid of? Why not let the two systems compete fair and square? Let the marketplace pick the winner, not Congress.

It is hard to find a more vivid or disgraceful example of the prostitution of Republican principles. When a special interest's Government-guaranteed profits are at stake, Republicans are more than willing to sell out free-market competition, and continue the heavy hand of a Government-guaranteed monopoly.

It's obvious what's happening here. Direct lending is taking colleges and universities by storm. It's one of the best new ideas in higher education in years. It's good for colleges and good for students, and it saves Federal dollars.

Direct lending has already established its solid appeal to the country. It's already captured 40 percent of the market in 2 short years.

So the guaranteed loan industry has mounted a desperate last-ditch lobbying campaign to persuade Congress to roll back direct lending.

Republicans should scrap their cynical attack on direct lending. They should let competition work. They should allow colleges and universities to choose the kind of loan program they want. And if they do, they'll find \$2 billion more to put into deficit reduction at this stage of our balanced budget negotiation.

CBO has finally come out on this issue and found that this will be more costly to the Federal taxpayers, something that we have known for some period of time, and they have come out with that report at the present time. That, I think, gives the administration strong arguments to stand by their position to give choice to the States and the colleges and universities on which way they want to go, direct loans or guaranteed loan program.

We hear so much rhetoric, do not let Washington dictate what is good back home in Montana or Massachusetts.

If there is ever an example of that, Mr. President, it is permitting the colleges and universities in our 50 States to make their own judgments which direction to go in, what we do now. When they go to the direct loan, it saves the overall taxpayers billions of dollars. That has been reaffirmed once again this afternoon with the Congressional Budget Office review of these figures and statistics which are the best evidence.

I thank my friend and colleague from Virginia for permitting me the opportunity to address the Senate.

Mr. DOLE. Mr. President, what is the pending business?

THE CONTINUING RESOLUTION

The PRESIDING OFFICER. The Senate is in morning business.

Mr. DOLE. Mr. President, let me indicate that we have had very little success in the first, what we thought would be a serious negotiation on the budget. Apparently they were not serious. The offer by the President was filled with smoke and mirrors. I said earlier we might not be around here this weekend. Now I think there is a great likelihood we will be in session tomorrow and maybe unavoidably on Sunday.

The House will probably send us a continuing resolution with some attachment. I am not certain quite what that would be. Maybe welfare reform. And that might take some debate, unless we get consent that everything passes by voice vote. So I need to alert my colleagues not to get too far away. And I will keep my colleagues informed as soon as I have further information.

But it appears that there is not much prospect, not much reason to continue trying to negotiate with the White House when they do not want to really get serious about balancing the budget over the 7 years without falling back on the old smoke and mirrors and things that we thought maybe had changed.

I think our next step would be to try to negotiate with some of our Democratic colleagues who are concerned about the budget and welfare reform and saving Medicare and tax cuts for families with children. And that will be pursued later this afternoon.

So I can only say that we will be here some time yet today, and depending on when the House acts on the CR, probably tomorrow. But I will try to give my colleagues the specific times. And maybe some may not come in until afternoon depending again on how the House acts. I cannot give anybody more specificity, but as soon as I have information I will come to the floor and make an announcement.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996—CONFERENCE REPORT

MOTION TO PROCEED

Mr. DOLE. I now move that the Chair lay before the Senate the conference report to accompany H.R. 1530, the Department of Defense authorization bill.

Mr. LEAHY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from North Carolina [Mr. FAIRCLOTH], the Senator from Tennessee [Mr. FRIST], the Senator from Texas [Mr. GRAMM], the Senator from